



Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, JANUARY 29, 2003
WWW.USDOJ.GOV

AT
(202) 616-2777
TDD (202) 514-1888

FORMER NEW YORK SUPERMARKET EXECUTIVE PLEADS GUILTY TO CONSPIRACY AND TAX CHARGES

WASHINGTON, D.C. -- A former vice president of Royal Farms Inc., which owns and operates a chain of supermarkets in the New York metropolitan area, today pleaded guilty to fraud and tax charges relating to his receipt of \$250,000 in cash kickbacks from vendors that supplied produce to the company's supermarkets, the Department of Justice announced.

According to the two-count charge filed in U.S. District Court in Manhattan, Umberto Tesoriero of Staten Island, New York, a former employee at Royal Farms Inc. who had primary responsibility for purchasing produce for the company's supermarkets, received cash kickbacks from four vendors to Royal Farms Inc. in exchange for steering contracts to those vendors. The Department said that legitimate produce suppliers were foreclosed from selling produce to Royal Farms Inc. because of the corrupt relationship between Tesoriero and the vendors. Also, Royal Farms Inc. paid higher prices for the produce it purchased than it would have if Tesoriero had aggressively and honestly solicited competitive prices from other vendors, the Department said.

Tesoriero pleaded guilty to one count of conspiracy to commit mail fraud involving his receipt of approximately \$250,000 in cash kickbacks between 1987 and mid-2000, and one count of subscribing to false and fraudulent income tax returns in the years 1996-1999 that failed to report those kickbacks as income.

"This case demonstrates the Antitrust Division's commitment to seek out and prosecute anticompetitive practices and offenses associated with the food distribution industry," said James M. Griffin, Deputy Assistant Attorney General for the Antitrust Division's Criminal Enforcement Program.

The conspiracy charge, a violation of 18 U.S.C. § 371, carries a maximum penalty of five years in jail, three years of supervised release, and a \$250,000 fine.

The tax charge, a violation of 26 U.S.C. § 7206(1), carries a maximum penalty of three years in jail, one year of supervised release, and a \$250,000 fine.

The maximum fine on both charges may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine. In addition, the defendant upon conviction could be ordered to pay restitution to any victim for the full amount of that victim's loss, as well as the costs of prosecution for the tax offense.

These charges arose from an ongoing federal antitrust investigation of bid rigging, bribery, fraud, and tax-related offenses in the food distribution industry. The investigation is being conducted by the Antitrust Division's New York Field Office, with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation.

Anyone with information concerning bid rigging, bribery, tax offenses, or fraud in the food distribution industry should contact the New York Field Office of the Antitrust Division at (212) 264-3179 or the New York Division of the FBI at (212) 384-3252.

###